



ASNE

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Report Documentation Page

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Program Executive Officer Integrated Warfare Systems

- The PEO IWS organization is aligned to develop, procure and deliver Enterprise Warfighting Solutions for Surface Ships
 - PEO IWS has life cycle responsibilities for combat system performance, design management, systems engineering, installation, integration, test, maintenance and disposal

INNOVATION

- APLs
- Industry
- NSWC
- NUWC
- ONR
- SBIR/SST
- DARPA
- Aegis BMD



DELIVERY

- 238 USN Ships
- 8 USCG Ships
- 25 Nations
- PEO IWS executes 211 FMS Cases at \$567M funding level

155 Programs: 4
- ACAT I
7 - ACAT II
4 - ACAT III
5 - ACAT IV
6 - R&D
41 - Inactive
88 - Non ACAT



Cost Control is a Priority



“Let me be clear again. The department would need to make a strategic shift regardless of the nation's fiscal situation. We are at that point in history. That's the reality of the world we live in. Fiscal crisis has forced us to face the strategic shift that's taking place now.”

Secretary of Defense Leon E. Panetta, Statement on Defense Strategic Guidance - Press Briefing Room, The Pentagon, Washington, DC, Thursday, January 05, 2012

“Building an effective partnership between industry and the Navy will reduce costs and will lead us to the fleet that we need. We owe that to America and we owe that to the generations that will follow us.”

“Every dollar we spend has to count; every dollar we spend has to be used efficiently and effectively.”

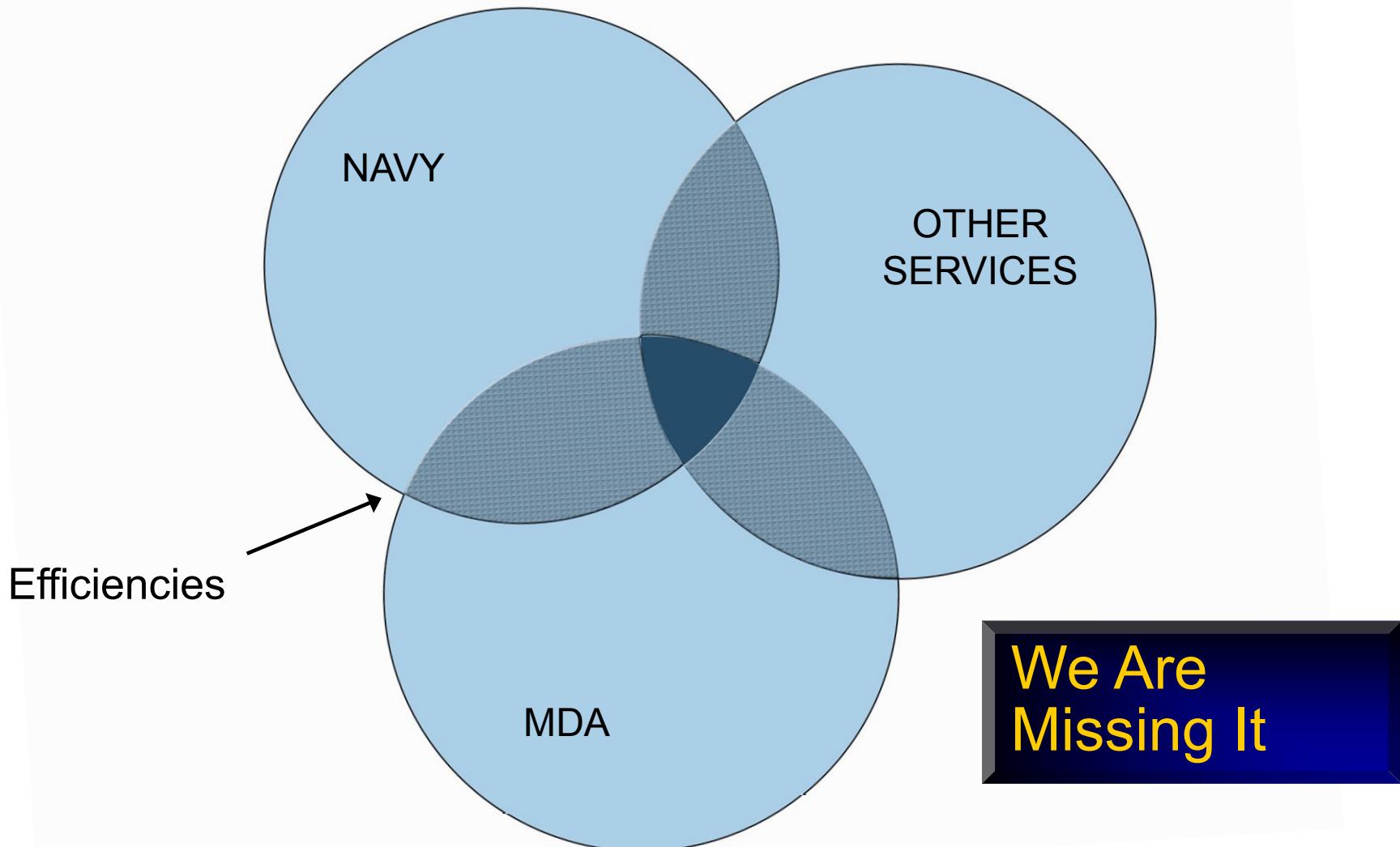
“On budget and on time is baseline. That's the standard. It's not a target. “

“We have to do everything in our power to control those costs. If we don't do something now, we won't be able to build a fleet we have to have in the future.”

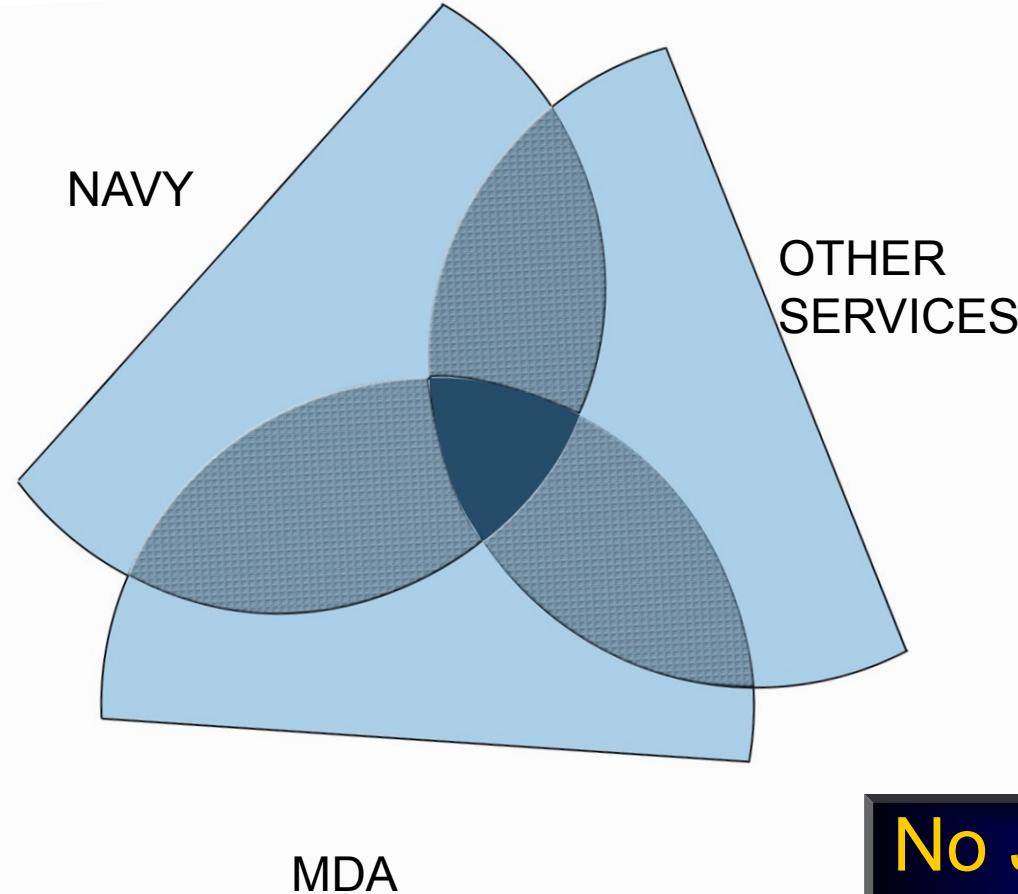


Secretary of the Navy, Ray Mabus

If This is the Focus...



This is what is Expected





It's About Addressing Direct Costs

- How are cross program efficiencies budgeted, contracted and executed
- Pressurizing support costs at all levels
- Multi Year Procurement potential
- Planning realistic projections and margins



4 Questions: 25-50% Challenge for Support Costs

- Identify how to challenge fixed cost
- Identify how to maximize leverage across product lines and programs
- Identify what Government and Industry can challenge together
- Identify what each of you can challenge internally

PERCEPTIONS ONLY GET
DEFEATED WITH POSITIVE RESULTS



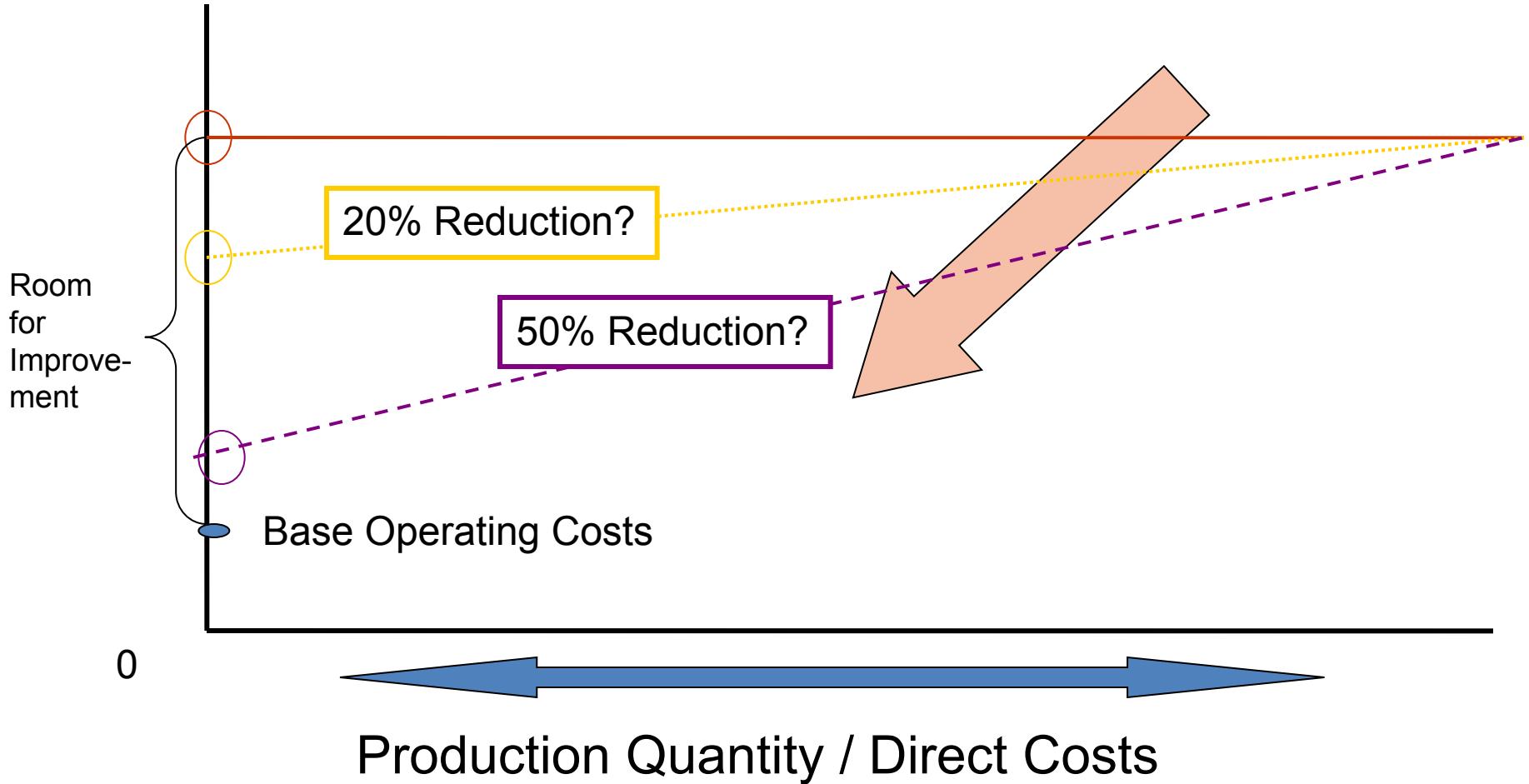
Challenging Sole Source Behavior & Competing New Requirements

	Contract Short Description Title	Planned Award	Est. Value	Est. Yr SS
LM	AEGIS Combat System Engineering Agent (CSEA)	FY13	\$2,200M	1969
	Ship Integration & Test Follow-On for AEGIS New Construction	FY13	\$950M	N/A
RTN	Cooperative Engagement Capability (CEC) Signal Data Processor	FY12	\$158M	N/A
	CEC Production FY12-FY16 (base plus 4 Options)	FY12	\$478M	1992
	CEC Design Agent/Engineering Services	FY12	\$671M	1992
	CEC Common Array Block Family Antenna	FY12	\$50M	New Req
	Ship Self Defense System (SSDS) CSEA	FY14	\$500M	1994
	Common Display System (CDS)	FY12	\$107M	2008
	Air and Missile Defense Radar (AMDR) S-Band and Radar Suite Controller Engineering Development Models	FY13	\$1,000M	New Req
	Surface Electronic Warfare Improvement Prgm (SEWIP Blk3)	FY13	\$400M	New Req
	MK 41 Vertical Launching System (VLS) FY13-FY17 Canisters (Inserting Gov't as System Integration)	FY13	\$710M	1995
	Surface to Surface Missile System	FY14	\$180M	New Req

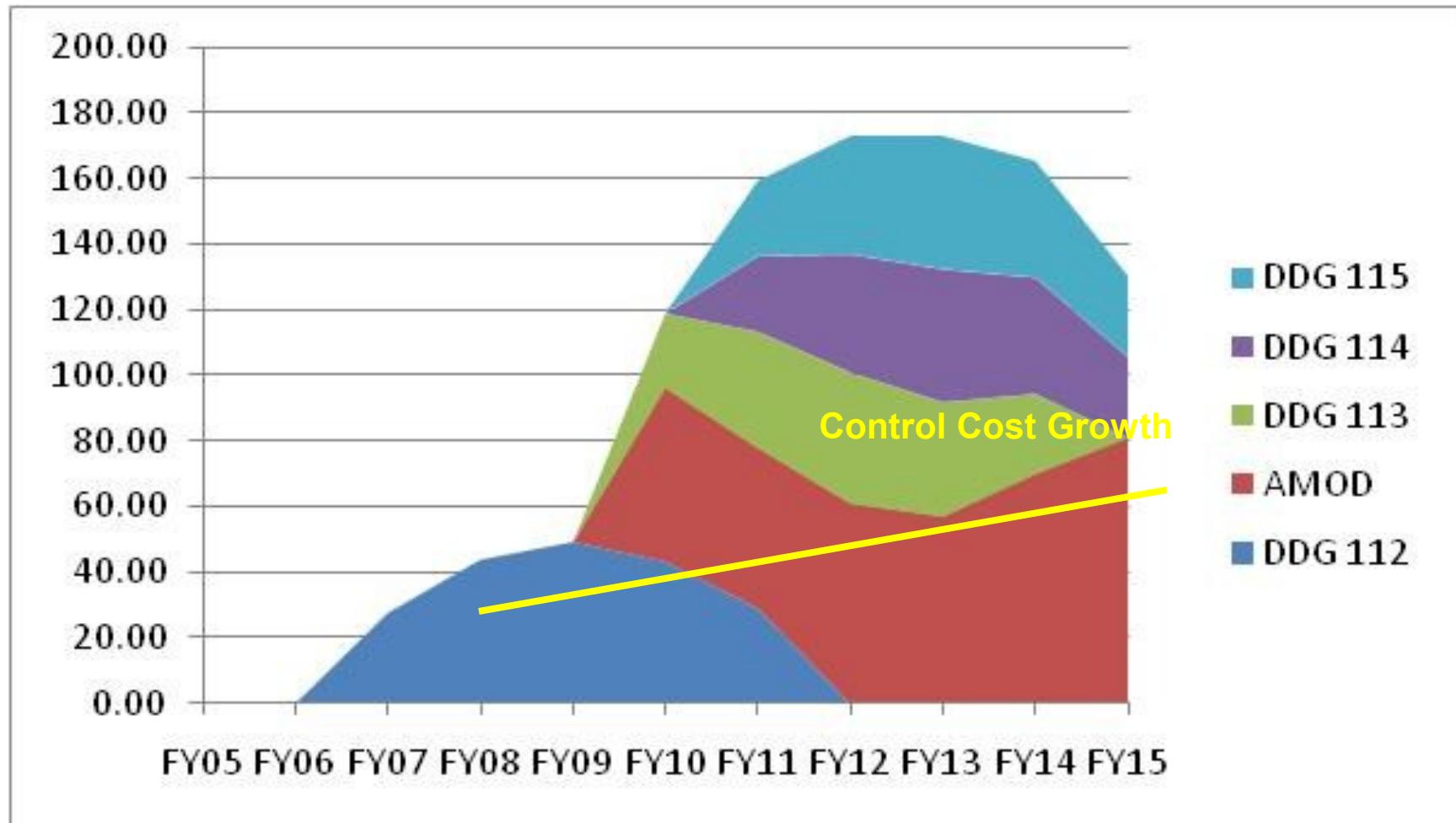
This strategy challenges \$6-7 Billion of 15-30 year monopolies across the entire PEO IWS portfolio

It's About Addressing Overhead Costs

Indirect Costs

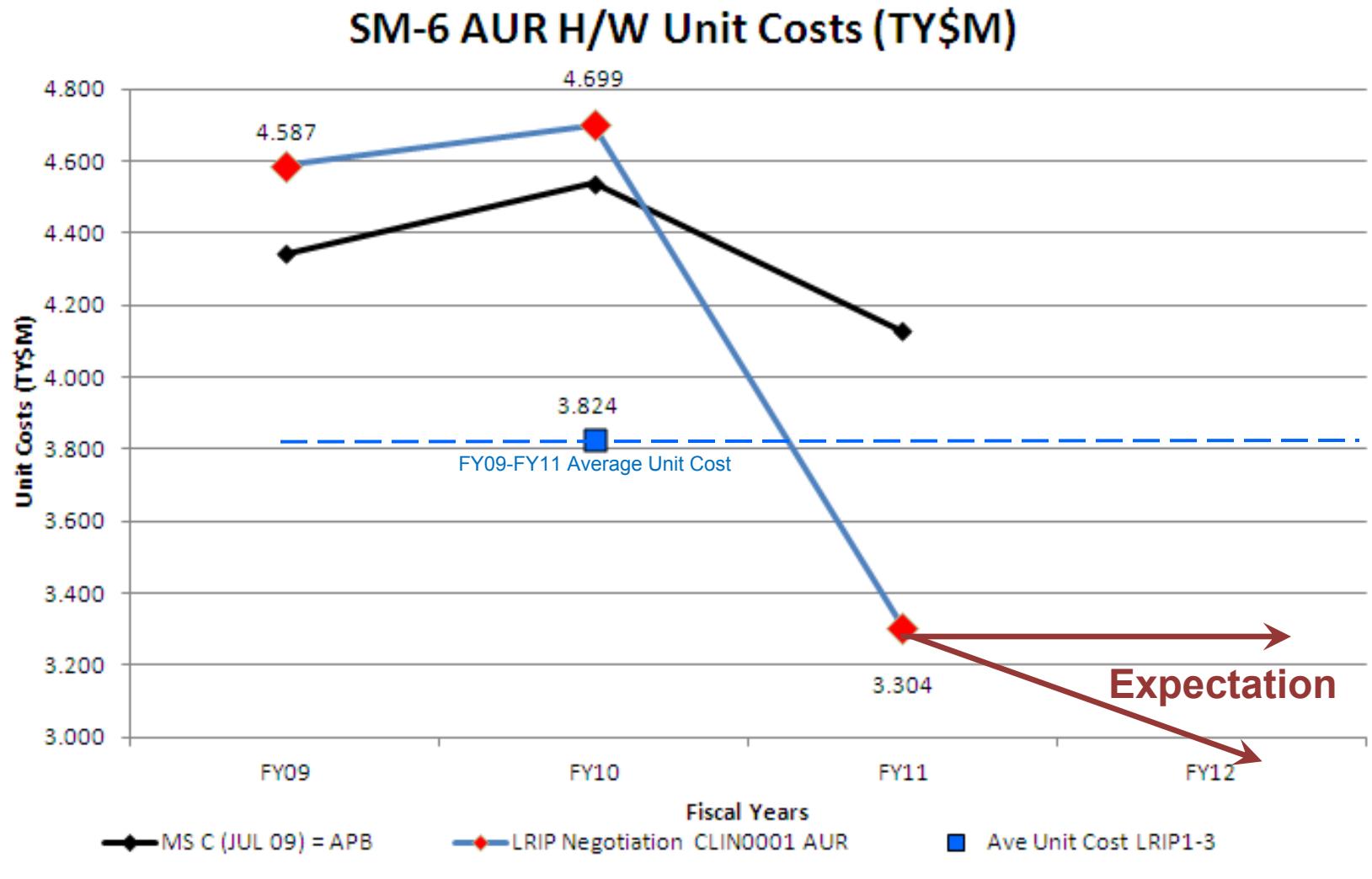


Example of System Cumulative FTE Support Effect



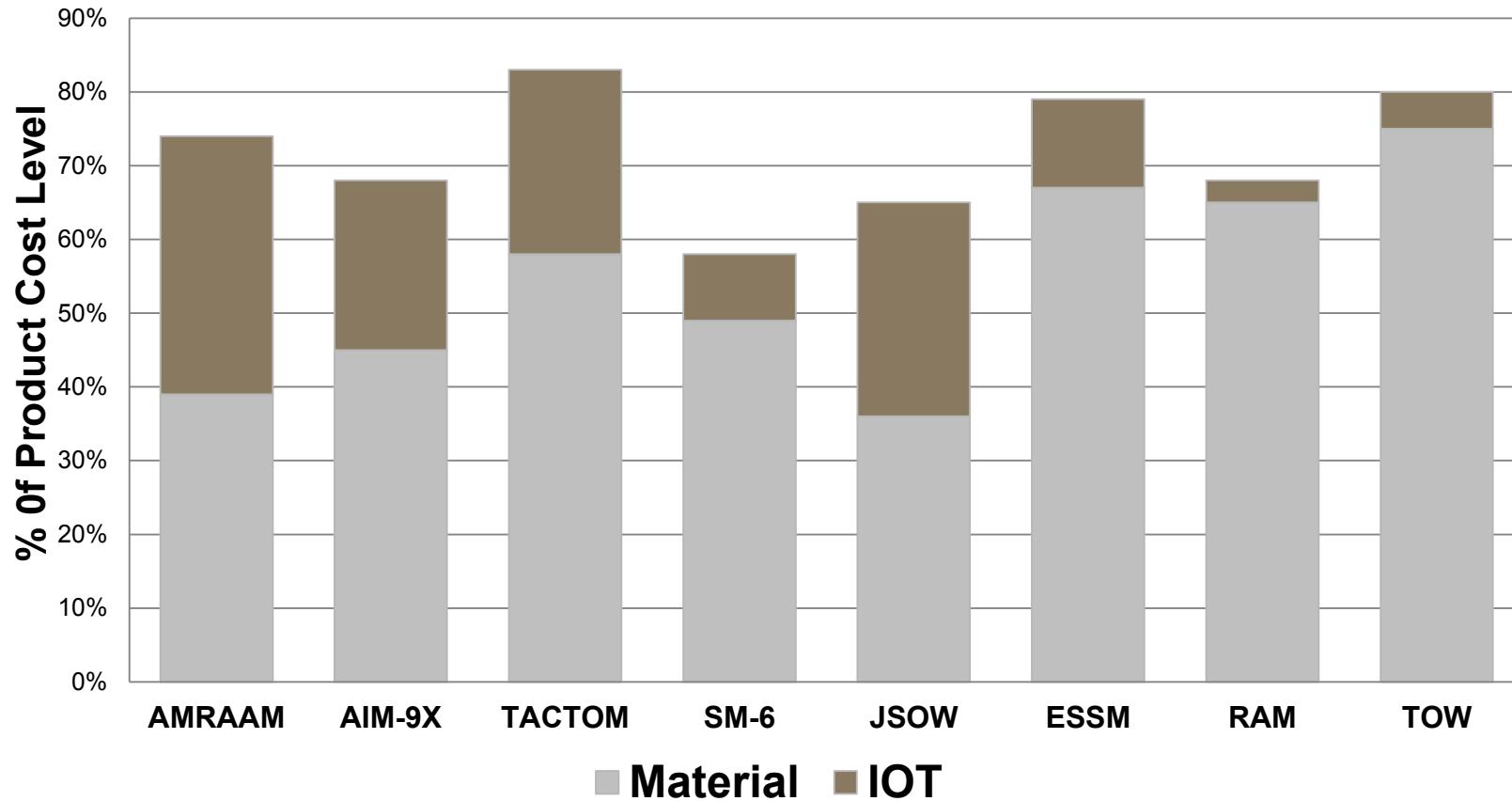


SM-6 Should Cost Analysis





Supply Chain Content

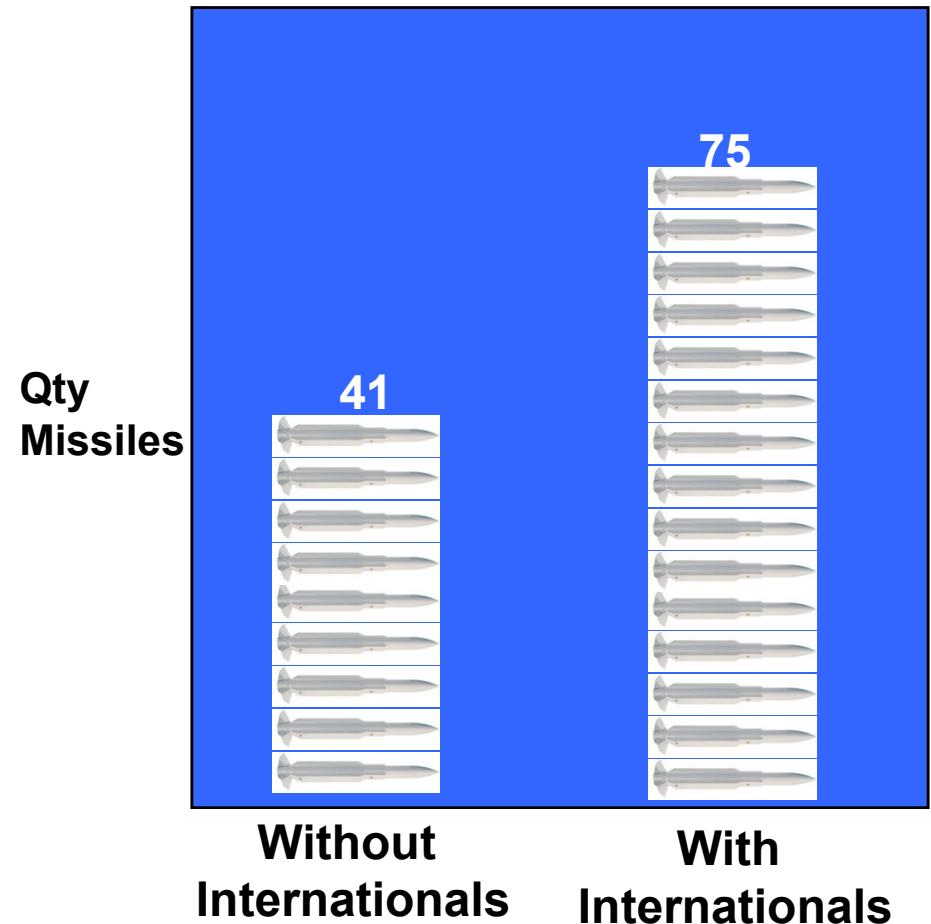


**Significant Material Content (72% Avg) in Tactical Missile Programs
Provides Opportunity To Increase Competition At Subcontractor Level Or
Execute Government Direct Buys From High Value Common Vendors**

USN Benefits From FMS Participation in Standard Missile

- The FY08 Contract contained 75 USN and 343 International Missiles
- Without the additional volume from the International Procurements the USN would have only been able to procure 41 missiles for the same price

FY08 SM-2 Procurement



US Navy Realized 34 Free Missiles